



Government - Industry Working Group on Energy Efficiency

Protocol of 2nd Meeting, 9-11 February 2021

The Government-Industry Working Group on Energy Efficiency (hereinafter simply referred as Working Group – WG) is a “platform” for regular ongoing dialogue between Government and Industry¹ to jointly discuss and identify solutions to the challenges that implementation of the new Georgian Law on Energy Efficiency (and associated EU Directives) have posed to Government and to industrial companies and businesses. Chaired by the Ministry of Economy and Sustainable Development, the Working Group is open to Government authorities and to manufacturing and other sector enterprises, no matter if large, medium or small-sized.

This Protocol summarises the content and results of the 2nd Meeting of the Government-Industry Working Group, which was aimed to discuss the following two key topics/elements of any future Georgian Energy Efficiency Voluntary Agreement (VA) scheme:

1. Setting energy saving targets to be achieved by enterprises participating in the VA scheme
2. Incentives to be provided to enterprises participating in the VA scheme

The meeting presented also preliminary results of an ongoing energy efficiency survey carried out by UNIDO with Georgian industrial enterprises.

The meeting was held over three days, with a 90 min session on first and last day and 2 hours on February 10th. Due to restrictions posed under COVID-19, the meeting was hold ONLINE using the video communication/conferencing service ZOOM. An email invitation with links and instructions for connection was sent by email to all registered participants in advance of each meeting session.

Presentations and discussions during the meeting were conducted in Georgian and English. Simultaneous translation was provided.

The meeting was attended by a total of 45 participants, 14 from government authorities, 22 from companies of manufacturing, energy and transport sector, and 9 from energy efficiency supporting organizations, including three Georgian banks.

Please see Annex 1 for the meeting agenda, Annex 2 for the full list of participants and Annex 3 for links to additional information on voluntary agreements.

¹ The term “Industry” is used here in the context of the WG with a broader meaning and it wants to indicate companies from traditional manufacturing and processing sectors as well as from energy sector and other commercial sectors with large companies and energy users.

1. Background information on the Government - Industry Working Group on EE

Driven by the ongoing process and efforts for Georgia's accession to the European Union, energy efficiency has come in latest years to the top of the Georgian Government's political agenda. The Parliament of Georgia enacted Law on Energy Efficiency on May 21, 2020. The UNIDO Industrial Energy Efficiency Project provided significant direct support to the shaping of the Law's articles affecting industry and its related energy efficiency service market. The law on energy efficiency (EE) represents an extremely important achievement of Georgia's Government and energy efficiency stakeholders. At the same time, the law is not the end of the work, but rather the beginning of a new phase, that of the law implementation through development of programmes and secondary legislation to enable and support the achievement of the law's objectives.

Article 21 of the Law specifically refers to energy efficiency policies in the industrial sector.

Chapter V. Energy Efficiency Policy in Industry

Article 21. Additional Policies to Encourage Energy Efficiency in Industry

1. With the aim to achieve Energy Efficiency Improvements in industry, the Ministry is entitled to enter into a voluntary agreement with enterprises with the consent from the Government of Georgia. When entering into Voluntary Agreements it could be envisaged improvement of energy provision services.
2. The Ministry before entering into voluntary agreement shall assess amount of energy saving targets proposed by the enterprise. If deemed necessary, if the proposed targets are not sufficiently challenging, the Ministry may establish mandatory targets on the objectives for energy efficiency improvements.
3. An enterprise participating in a voluntary agreement, in accordance with the relevant legislation of Georgia, is entitled to receive governmental assistance, including Ministry support, for implementation of an Energy Audit, Energy Management System and individual measure to improve energy efficiency.
4. The Ministry shall be entitled to elaborate the rules for determining the basis for the voluntary agreement and general provisions.

The basic idea of voluntary agreements is to implement programmes that motivate industrial companies to do more and better than what is prescribed by existing legislation. In return, participating companies receive some benefits or advantages. International and in particular EU experiences on industrial energy efficiency policies show that to identify the most cost-effective measures and programmes for Government and industry (and likewise other energy end-users), it is critically important to look together to the challenges and closely collaborate to develop the best solutions for all parties involved.

Building on such evidence as well as the promotion, institutional capacity building and stakeholders engagement work done by the UNIDO IEE project, the Government-Industry Working Group on Energy Efficiency started its activities in February 2020 by kicking-off a process aimed to develop the design of a first Voluntary Agreement scheme for energy efficiency in Georgian industries.

2. Summary of 2nd Meeting

Tuesday 9 February

The first day of the meeting was primarily targeted to representatives of companies and other WG stakeholders that did not attend the first WG meeting. Mr. Marco Matteini from UNIDO presented background of the WG on EE and key findings of the first Working Group meeting.

Mr. Matteini provided a short overview of key elements of VA schemes and of few selected international/EU implementation experiences. He then walked through structure and content of the 1st WG meeting highlighting most meaningful findings from inputs and discussions held. In particular, an exercise on types of energy efficiency interventions that companies would prioritise showed that for most companies improvement of existing technologies through equipment adds-on had the highest priority, while improvement of management practices and optimization of operations received the lowest priority.

Discussing the kind of support that companies would like to receive from Government to accelerate energy efficiency improvements a good number of suggestions were made for the following three main type of support:

1. Incentives – Technical assistance
2. Incentives – Fiscal measures
3. Incentives – Financial incentives/ Attraction of funds

The presentation delivered by Mr. Matteini, in English and Georgian versions, is available at the event webpage here http://www.economy.ge/uploads/files/2017/energoefeqturoba/project/geo/2020/eng_voluntary_agreement_on_ee_an_introduction_2.pdf

http://www.economy.ge/uploads/files/2017/energoefeqturoba/project/geo/2020/geo_voluntary_agreement_on_ee_an_introduction_2.pdf. The

Protocol of the 1st meeting of the WG can be downloaded here http://www.economy.ge/uploads/files/2017/energoefeqturoba/project/geo/2020/final_industry_government_working_group_protocol_ge.pdf

http://www.economy.ge/uploads/files/2017/energoefeqturoba/project/geo/2020/final_industry_government_working_group_protocol_eng.pdf

Wednesday 10 February

The session on Wednesday was the official opening of the 2nd meeting of the WG.

In his welcome speech Mr. David Tvalabeishvili, Deputy Minister, Ministry of Economy and Sustainable Development (MOESD), mentioned that EE policy is relatively new direction in the Energy Policy of Georgia and it creates lots of challenges for policy makers, as well as industry representatives. Implementation of newly enacted Law on EE creates also challenges for the country especially under the pandemic situation. Joint dialogue between the Government of Georgia and Industry with facilitation of UNIDO and the Austrian Energy Agency is the right platform for sharing information on current status and needs, and working together towards finding tailor-made solutions for Georgian conditions.

Ms. Maia Tskhvaradze, representative of Climate Change Division of the Ministry of Environmental Protection and Agriculture mentioned in her welcome speech the importance of energy efficiency to stop climate change



and improvement of the environmental situation. The Ministry is working on reduction of emissions and is going to take more ambitious targets towards Paris Agreement than it was taken before. The industrial sector is important emitter for the country so mitigation measures in this sector is important for us also. She has highlighted that the title of the UNIDO project already indicates that the project aims at reduction of Greenhouse Gases that is also in the interest of the Ministry.

After welcome speeches Mr. Matteini made presentation in which he recalled the key objectives of the Government-Industry Working Group on Energy Efficiency and its early work on voluntary agreements:

1. Strengthening and structuring communication and cooperation between Government and Industry for most effective policies development on energy efficiency and energy matters (and other matters such as climate, environment, etc.)
2. Supporting and better leveraging industry capabilities as key driving agent of Georgia's sustainable economic, environmental and social development
3. Development of a most effective, for Government and Industry, Energy Efficiency Voluntary Agreement policy through a new collaborative process.

The presentation covered also the key findings of the 1st WG meeting and the importance of Voluntary Agreements on EE for industry and Article 21 of EE Law that supports the VAs, as well as Envisaged Design Phase Process.

In the following presentation "Preliminary results of Energy Efficiency Survey" Mrs. Nino Lazashvili, National Project Manager of UNIDO shared the initial analysis of responses to the questionnaire that was prepared in the framework of the UNIDO project "Reducing Greenhouse Gas (GHG) Emissions through Improved Energy Efficiency in the Industrial Sector in Georgia". 4 companies out of 11 had so far responded to the questions. There is necessity to understand better practice, needs and plans of the companies in order to find out and highlight the issues that are to be supported and levered by the VA scheme.

The last presentation of the session was delivered by Mrs. Gabriele Brandl, Senior Expert at the Austrian Energy Agency, on "Setting Energy Saving Targets". Mrs. Brandl outlined issues and described options related to how energy saving targets within a VA scheme could be set, using either bottom-up or top down approaches. She also briefly outline how the energy saving target setting is reflected in ISO 50001 energy management systems (EnMS) implementation. Mrs. Brandl also provided few good examples from VA schemes in Austria using binding targets.

The presentation delivered during the second session are available at the event webpage here

http://www.economy.ge/uploads/files/2017/energoeffturoba/project/2021/10feb2021_3_brandl_setting_energy_saving_targets_ge.pdf

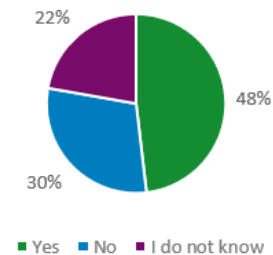
http://www.economy.ge/uploads/files/2017/energoeffturoba/project/2021/10feb2021_3_brandl_setting_energy_saving_targets.pdf

During the session few questions were asked to the industry/companies' representatives through online polls. Below the questions and the voting results.

1st Question - Does your company have annual energy savings/efficiency target?

1. Yes - 48% of companies respondents
2. No – 30 % of companies respondents
3. I do not know – 22% of companies respondents

Company has energy savings/efficiency target



2nd Question - Does your company plan energy efficiency investments? Multiple answers possible

1. Yes in 2021 - 57% of companies representatives
2. Yes in 2022 - 26% of companies representatives
3. Yes in 2023 - 13% of companies representatives
4. No plans at the moment – 26% of companies representatives

3rd Question - Would you prefer to propose an energy saving target to the Ministry or to receive an energy saving target?

1. To propose an energy saving target – 71% of companies respondents
2. To receive an energy saving target – 29% of companies respondents

4th Question - Which metric would you suggest for your company energy saving target?

1. Energy saved (kWh or GJ) compared to agreed baseline – 11% (2 out of 18)
2. Energy consumption reduction compared to previous year in percentage – 56% (10 out of 18)
3. Reduction of consumption of kWh per unit of product (absolute or %) – 33% (6 out of 18)
4. Other – 0%

Thursday 11 February

The third and last session of the 2nd WG meeting started with an introductory speech by Mrs. Marita Arabidze, Deputy Head of the Department of Reforms and International Relations at the Ministry of Economy and Sustainable Development. Mrs. Arabidze spoke about expectations of the MoESD from the Government-Industry Working Group. She also highlighted that experience of new EU countries would be more relevant as Georgia is too far from the experience of the old EU countries. The MoESD is ready to listen to the industrial companies on their suggestions and to discuss what support they need in order to achieve energy savings that



will be success factor for the companies as well as for the Georgia's energy sector. Mrs. Arabidze also highlighted the presence in the meeting of Parliament representative and its great importance for the discussion of energy efficiency issues at the Parliamentary committees.

Mr. Matteini delivered then a presentation on "Incentives for companies within an Energy Efficiency Voluntary Agreement scheme". Mr. Matteini went through a comprehensive range of incentives that have been and are used within VA schemes, focusing considerations on practical aspects of the incentives and their benefits for companies, Government and in some cases for the country industrial energy efficiency market. The presentation delivered by Mr. Matteini, in English and Georgian versions, is available at the event webpage here http://www.economy.ge/uploads/files/2017/energoefekturoba/project/2021/11feb2021_1_matteini_incentives_for_companies_with_in_va_schemes.pdf
http://www.economy.ge/uploads/files/2017/energoefekturoba/project/2021/11feb2021_1_matteini_incentives_for_companies_with_in_va_schemes_ge.pdf

After that Mrs. Nino Lazashvili once again spoke about the importance of data collection and analysis within companies in order to have better vision about performance of the companies and better inform the preparation and design of a VA scheme. She also pointed out that the meeting as well as completed questionnaires showed that companies will need more knowledge and training energy efficiency related issues. As initial effort to address this need, Mrs. Lazashvili announced that the UNIDO project will organize an online training on methodologies to define energy baselines, energy performance indicators and set energy savings targets for all WG companies and stakeholders interested.

During the concluding remarks, Mrs. Arabidze underlined that companies have to make suggestions and inquires to the UNIDO Project as well as to the Ministry, so that needs and suggestions of the companies will be reflected in requirements and incentives to incorporate in the voluntary agreements. Mrs. Irina Tsukhishvili mentioned that presence of Parliament representatives in this type of events and their involvement at an early stage of policy programmes design is extremely relevant and important, as the Parliament committees are more knowledgeable and ready to deal with the issues when they get/reach their official working agendas. Therefore, she expressed her great appreciation for the invitation of Mrs. Arabidze and the work of the meeting organizers.



Annex I – Agenda of 2nd Meeting of the Government-Industry Working Group on Energy Efficiency

Government-Industry Working Group on Energy Efficiency

Voluntary Agreements for Energy Efficiency

2nd Meeting – 9-10-11 February 2021

Online Event

AGENDA

DAY/SESSION 0 – Tuesday 9 February 2021

10:30-10:45 Welcome and round of introductions Mr. Marco Matteini, Industrial Development Officer, UNIDO

Ms. Nino Lazashvili, National Project Manager, UNIDO

10:45-11:30 Summary and key takeaways from 1st Meeting Mr. Marco Matteini, Industrial Development Officer, UNIDO

11:30-11:50 Questions and Answers

11:50-12:00 Wrap-up and adjourn

DAY/SESSION 1 – Wednesday 10 February 2021

Registration

10:30 – 10:45 Welcome of participants by Mr. David Tvalabeishvili, Deputy Minister, Ministry of Economy and Sustainable Development of Georgia

Deputy Minister, Ministry of Environmental Protection and Agriculture (May be)

10:45-11:00 Key findings and takeaways from 1st Meeting Mr. Marco Matteini, Industrial Development Officer, UNIDO

11:00-11:20 Results of Energy Efficiency Survey Ms. Nino Lazashvili, National Project Manager, UNIDO

11:20-11:50 Setting Energy Saving Targets Ms. Gabriele Brandl, Senior Expert, Austrian Energy Agency Mr. Marco Matteini, Industrial Development Officer, UNIDO

11:50-12:20 Questions and Answers

12:20-12:30 Wrap-up and summary

DAY/SESSION 2 – Thursday 11 February 2021

10:30-10:45 Welcome Ministry of Economy and Sustainable Development – Marita Arabidze, Deputy Head of Department of Energy Reforms and International Relations

10:45-10:55 Key points from Day/Session 1 Ms. Nino Lazashvili, National Project Manager, UNIDO

10:55-11:40 Incentives for companies within a Voluntary Agreement scheme TBD

11:40-12:10 Questions and Answers



12:10-12:25 Wrap-up and next steps Mr. George Abulashvili, Director, Energy Efficiency Centre of Georgia, and Mr. Marco Matteini, Industrial Development Officer, Department of Energy, UNIDO

Annex II – List of Participants

Working Group Partner Companies			
N	Name	Position	Organization
1.	Ramaz Chaduneli	Thermal Engineer	Rustavi steel
2	Tamar Papuashvili	Chief specialist of metering and realization of power resources	Rustavi steel
3.	MohanKumar Govindgowda	Head Of Electrical Department	Geosteel LLC
4.	Aleksandre Kanashvili	Technical consultant	Geosteel LLC
5.	Nikoloz Gaprindashvili	Power Engineer	LTD GTM Group
6.	Tamar Tsukilashvili	Deputy Head of Power Supply Department, Energy Manager	Tbilisi Transport Company
7.	Temur Karseladze	Labor, Environmental and Technical safety Inspector	KAMP
8.	Giorgi Gelashvili		KAMP
9.	Lali Gogoladze	Ecologist	LTD Georgian Industrial Group
10.	Veriko Aghlemashvili	Head of Environmental Division	LTD Georgian Industrial Group
11.	Dimitri Otiashvili	Power engineer	Ltd "Geo-Organic"
12.	Zaal Ghambashidze	Chief Energy Engineer	Ruslalloys LTD
13.	Zaur Gogichaishvili	Chief of Power service	Ruslalloys LTD
14.	Kakha Karchkhadze	Lead researcher of Renewables	Ltd "Biodiesel Georgia"
New Companies			
N	Name	Position	Organization
15.	Ms. Nino Maghradze	SeniorAnalyst – Business/Commerce	Cerberus Frontier
16.	Giorgi Chkhartishvili	Senior Environmental Specialist	IDS Borjomi
17.	Lasha Kvachadze	Head of division for Information and Analysis	JSC Georgian State Electrosystem
18.	Irakli Kopaliani	Consultant	LTD Shno
19.	Guram Makarov	HR Manager	LTD Caucaspac
20.	Aleksandre Nebieridze	Founder	LTD Natural
21.	Akaki Titberidze	Head of Constructors	Kaia

22.	Tsotne Verulashvili	Head of Heating and Ventilation Direction	Kaia
Consultants			
N	Name	Position	Organization
23.	Gia Arabidze	Professor	GTU
24.	Konstantine Barjadze	Energy Auditor	EEC GEORGIA
25.	Nikoloz Javshanashvili	Facilitator	RECP
26.	Roland Bulten	Research consultant	InsideOut Ltd
Government Representatives			
N	Name	Position	Organization
27.	Marita Arabidze	Deputy Head of Department of Energy Reforms and International Relations	MoE&SD
28.	Natalia Jambuaria	Head of EE Division	MoE&SD
29.	Maia Tskhvaradze	Climate change division	Ministry of Environmental Protection and Agriculture
30.	Anna Ruseishvili	Chief Specialist	Ministry of Finance
31.	Irina Tsukhishvili	Leading Specialist	Parliament of Georgia
32.	Nikoloz Kholodov	Senior Specialist - Division for Energy Efficiency and Renewable Energy Policy Promotion	MoESD
33.	Mate Toradze	Consultant - Division for Energy Efficiency and Renewable Energy Policy Promotion	MoESD
34.	Tinatin Vakhania	Consultant - Division for Energy Efficiency and Renewable Energy Policy Promotion	MoESD
35.	Tamar Sabelashvili	Senior Specialist - Division for Energy Efficiency and Renewable Energy Policy Promotion	MoESD
36.	Luka Garibashvili	Intern - Division for Energy Efficiency and Renewable Energy Policy Promotion	MoESD
37.	Soso Mindiashvili	Consultant - Division for Energy Efficiency and Renewable Energy	MoESD

		Policy Promotion	
38.	Nutsa Shampriani	Intern - Division for Energy Efficiency and Renewable Energy Policy Promotion	MoESD
39.	David Advadze	Acting Head of Sustainable Development Division	MoESD
40.	Omar Tsereteli	Expert of EE issues	Energy Development Fund
Bank Representatives			
N	Name	Position	Organization
41.	Ana Saralidze	Environmental and Social Risk Manager	TBC Bank
42.	Tamar Koberidze	Environmental and Social Risk Manager	TBC Bank
43.	Ketevan Mumladze	Head of Social and Environmental Risk Unit	Bank of Georgia
44.	Khatia Natenadze	Manager, Social and Environmental Risk Unit	Bank of Georgia
45.	Aleksandre Jashiashvili	Head of Environmental Management Unit	Procredit Bank
N	Name	Position	Organization
46.	Marco Matteini	Industrial Development officer	UNIDO
47.	Gabrielle Brandl	Senior Expert	AEA
48.	Nino Lazashvili	National Project Manager	UNIDO

Annex III – Additional resources on Voluntary Agreement schemes

A. Factsheet on Voluntary Agreements Schemes for Energy Efficiency

Link

http://www.economy.ge/uploads/files/2017/energoefeqturoba/project/geo/geo_05_final_factsheet_voluntary_agreements_with_industry_in_georgia.pdf

http://www.economy.ge/uploads/files/2017/energoefeqturoba/project/05_final_factsheet_voluntary_agreements_with_industry_in_georgia.pdf

B. International Workshop on Voluntary Agreement Schemes for Energy Efficiency in Industry – Tbilisi, 3 July 2019

Link <http://www.economy.ge/?page=economy&s=128&lang=en>

<http://www.economy.ge/?page=economy&s=128&lang=ge>

C. 1st Meeting of the Government-Industry Working Group on Energy Efficiency – Tbilisi, 19 Feb 2020

Link <http://www.economy.ge/?page=economy&s=128&lang=en>

<http://www.economy.ge/?page=economy&s=128&lang=ge>

D. 2nd Meeting of the Government-Industry Working Group on Energy Efficiency – Tbilisi, 19 Feb 2020

Link <http://www.economy.ge/?page=economy&s=128&lang=en>

<http://www.economy.ge/?page=economy&s=128&lang=ge>

E. Law on Energy Efficiency of Georgia

Link <https://matsne.gov.ge/en/document/download/4873938/0/en/pdf>

<https://matsne.gov.ge/ka/document/view/4873938?publication=0>